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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER

8-49280

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Belfinance Securities, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

156 West 56th Street - Suite 2001

(No. and Street)

New York,
(City)New York
(State)10019
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Louis B. Lloyd212 581-1515

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

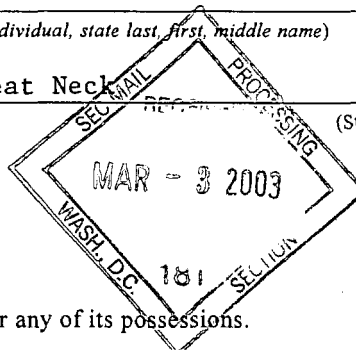
Kamler, Lewis & Noreman LLP

(Name - if individual, state last, first, middle name)

One Linden Place - Suite 200
(Address)Great Neck
(City)NY
(State)11021
(Zip Code)

CHECK ONE:

- ☐ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.



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FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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3/17

OATH OR AFFIRMATION

I, LOUIS B. LLOYD, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BELFINANCE SECURITIES, INC., as of DECEMBER 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

*State of New York
County of New York
sworn to & subscribed before me
this 20th day of Feb 2003*

Louis B. Lloyd
Signature

PRESIDENT

Title

Kay P. Chow

Notary Public

KAY P. CHOW
Notary Public, State of New York
No. 24-4950562
Qualified in Kings County
Term Expires May 1, 2003

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BELFINANCE SECURITIES, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION REQUIRED BY RULE 17a-5 OF
THE SECURITIES AND EXCHANGE COMMISSION
AND INDEPENDENT AUDITOR'S REPORT
AND REPORT ON
INTERNAL ACCOUNTING CONTROL
DECEMBER 31, 2002

BELFINANCE SECURITIES, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION REQUIRED BY RULE 17a-5 OF
THE SECURITIES AND EXCHANGE COMMISSION
AND INDEPENDENT AUDITOR'S REPORT
AND REPORT ON
INTERNAL ACCOUNTING CONTROL
DECEMBER 31, 2002

<u>INDEX</u>	<u>PAGE</u>
Financial Statements:	
Independent Auditor's Report	1
Statement of Financial Condition as of December 31, 2002	2
Statement of Operations for the Year Ended December 31, 2002	3
Statement of Changes in Stockholders' Equity for the Year Ended December 31, 2002	4
Statement of Cash Flows for the Year Ended December 31, 2002	5
Notes to Financial Statements	6-7
Supplementary Information Required By Rule 17a-5 of the Securities and Exchange Commission:	
Independent Auditor's Report on Supplementary Information Required by Rule 17a-5 of the Securities and Exchange Commission	8
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	9
Reconciliation Pursuant to Rule 17a-5(d)(4) of the Securities and Exchange Commission	10
Independent Auditor's Report on Internal Accounting Control Required by SEC Rule 17a-5	11-12



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INDEPENDENT AUDITOR'S REPORT

Board of Directors and Stockholder
Belfinance Securities, Inc.

We have audited the accompanying statement of financial condition of Belfinance Securities, Inc. as of December 31, 2002 and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these aforementioned financial statements based upon our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Belfinance Securities, Inc. as of December 31, 2002 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Kamler, Lewis & Noreman LLP

Kamler, Lewis & Noreman LLP

February 14, 2003
Great Neck, New York

BELFINANCE SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

Cash	\$ 196,791
Marketable securities and investments (Note 4)	135,357
Other receivables (Note 3)	46,445
Due from broker	2,814
Prepaid expenses and other assets	<u>5,788</u>
Total Assets	<u>\$ 387,195</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Loan payable-shareholder	\$ 11,244
Accrued expenses and other current liabilities	<u>9,446</u>
Total Liabilities	<u>20,690</u>
Contingencies (Notes 3,5,6 and 7)	
Stockholder's Equity:	
Common Stock, par value \$.01; 10,000 shares authorized; 760 shares issued and outstanding	8
Paid-in capital	501,500
Accumulated deficit	<u>(135,003)</u>
Total Stockholder's Equity	<u>366,505</u>
Total Liabilities and Stockholder's Equity	<u>\$ 387,195</u>

See accompanying notes to financial statements.

BELFINANCE SECURITIES, INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

Revenues, Profits and Losses:

Commission income	\$ 112,217
Trading losses	(152,876)
Interest and dividends	<u>606</u>
	<u>(40,053)</u>

Expenses:

Commissions	18,225
Clearance charges	18,673
Professional fees	22,000
Filing fees	5,087
Office supplies	9,655
Insurance	2,399
Travel	1,985
Outside services	595
Local Income Tax	<u>260</u>
	<u>78,879</u>
Net Loss	<u><u>\$ (118,932)</u></u>

See accompanying notes to financial statements.

BELFINANCE SECURITIES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Common Stock</u>		<u>Paid-In</u>	<u>Accumulated</u>	<u>Stockholder's</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	<u>Equity</u>
Balance, January 1, 2002	760	\$ 8	\$ 314,000	\$ (16,071)	\$ 297,937
Capital contributed			187,500		187,500
Net Loss	-	-	-	(118,932)	(118,932)
Balance, December 31, 2002	<u>760</u>	<u>\$ 8</u>	<u>\$ 501,500</u>	<u>\$(135,003)</u>	<u>\$ 366,505</u>

See accompanying notes to financial statements.

BELFINANCE SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

Cash Flows From Operating Activities:

Net Loss	\$ (118,932)
Unrealized losses on trading positions	112,884
Adjustments to reconcile net income to cash:	
Changes in assets and liabilities:	
Decrease in investments	60,900
Increase in due from broker	(296)
Decrease in prepaid expenses	88
Decrease in accrued expenses	<u>(284)</u>
Net Cash Provided By Operating Activities	<u>54,360</u>

Cash Flows From Financing Activities:

Increase in loan payable-stockholder	6,506
Decrease in cash overdraft	<u>(2,479)</u>
Net Cash Provided By Financing Activities	<u>4,027</u>

Net Increase in Cash 58,387

Cash, beginning of year 138,404

Cash, end of year \$ 196,791

Supplemental Disclosure of Cash Flows Information:

Cash Paid During the Year For:	
Income Taxes	\$ <u><u>100</u></u>

Supplemental Disclosure of Non-Cash Activities:

Contribution of marketable securities by stockholder	\$ <u><u>187,500</u></u>
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See accompanying notes to financial statements.

BELFINANCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 1 - Summary of Significant Accounting Policies

Business Organization and Description

On April 12, 1996, Belfinance Securities, Inc. (the "Company") was incorporated under the laws of the State of Delaware. The Company was formed as a registered broker-dealer under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers ("NASD"). The Company maintains office facilities in New York, New York. The Company received its approval as a limited broker-dealer on February 19, 1997 and commenced executing customer orders with institutional and accredited investors in March, 2000.

Marketable Security Positions - Marked to Market

Marketable security positions are valued at lower of cost or market.

Revenues and Expenses From Security Transactions

Generally accepted accounting principles require that trading profits and losses, commission income and related expenses be recorded on a trade date basis unless the difference between trade date and settlement date is immaterial.

Statement of Cash Flows

The Company considers all cash investments with a maturity three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. Changes in such estimates may affect amounts reported in future periods.

Note 2 - Income Taxes

The Company, with the consent of its stockholder, elected under the Internal Revenue Code and the New York State Tax Code to be an S corporation. In lieu of corporate income taxes, the stockholder of an S corporation is taxed on the Company's Federal and New York State taxable income. Therefore, no provision or liability for Federal and New York State income taxes has been included in the financial statements.

BELFINANCE SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

Note 3 - Other Receivables

The Company was retained as the exclusive advisor and placement agent of a non-related entity in connection with a best efforts private placement. The Company advanced expenses in connection with the private placement for acting as the placement agent. As of December 31, 2002, the Company had advanced \$46,445, which will be reimbursed at the closing of the private placement. There is no current plan as to when such private placement will be completed.

Note 4 - Investments

The Company advanced the NASD \$121,641 for the purchase of a NASDAQ private placement for \$60,279 and related warrants of \$61,362, which was effective January 18, 2001. The warrants are recorded at cost as there is no determinable market for these warrants.

Note 5 - Related Party Transactions

An affiliated company, owned by the sole stockholder, provides certain administrative services, including rent, for the Company at no charge. The affiliate has a month-to-month lease with an entity whereby the stockholder serves on the entity's board of directors and audit committee.

Note 6 - Concentrations of Credit Risk

As a securities broker and dealer, the Company may be engaged in various securities trading and brokerage activities servicing a diverse group of domestic and foreign corporations, institutional and individual investors. A substantial portion of the Company's transactions would be executed with and on behalf of institutional investors including other brokers and dealers, mortgage brokers, commercial banks, U.S. governmental agencies, mutual funds and other financial institutions. The Company's exposure to credit risk associated with the nonperformance of these customers in fulfilling their contractual obligations pursuant to securities transactions, can be directly impacted by volatile securities markets, credit markets and regulatory changes.

Note 7 - Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (15c3-1), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15:1 (the rule also provides that capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10:1). At December 31, 2002, the Company had net capital of \$201,869, which was in excess of its required net capital of \$100,000. The Company's ratio of Aggregate Indebtedness to Net Capital was to .1025 to 1.



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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE
SECURITIES AND EXCHANGE COMMISSION**

Board of Directors and Stockholder
Belfinance Securities, Inc.

We have audited the accompanying financial statements of Belfinance Securities, Inc. for the year ended December 31, 2002 and have issued our report thereon dated February 14, 2003. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II on the following pages is presented for purposes of additional analysis, and is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Kamler, Lewis & Noreman LLP'.

Kamler, Lewis & Noreman LLP

February 14, 2003
Great Neck, New York

BELFINANCE SECURITIES, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2002

Schedule I

Net Capital:

Total stockholder's equity per statement
of financial condition

\$ 366,505

Deductions - non-allowable assets:

Other receivables

46,445

Prepaid expenses and other assets

5,788

Investments

108,192

Total Subtractions

160,425

Haircut on equity securities

4,075

Undue concentration

136

4,211

Total Net Capital (Note 5)

\$ 201,869

Aggregate Indebtedness:

Loan payable-stockholder

\$ 11,244

Accrued expenses

9,446

Total Aggregate Indebtedness

\$ 20,690

Computation of Basic Net Capital Requirement:

Minimum net capital required (6-2/3% of \$20,690)

\$ 1,379

Minimum dollar net capital requirement

\$ 100,000

Net capital requirement

\$ 100,000

Excess net capital (Note 7)

\$ 101,869

Ratio of aggregate indebtedness to net
capital (Note 6)

.1025 to 1

BELFINANCE SECURITIES, INC.
RECONCILIATION PURSUANT TO RULE 17a-5(d)(4) OF
THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2002

Schedule II

Net Capital, as reported in the Company's December 31, 2001 FOCUS Report	\$ 202,710
Net Audit Adjustments Related to: Increase in realized loss of securities	<u>(841)</u>
Net Capital Per This Report (Schedule I)	<u>\$ 201,869</u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING
CONTROL REQUIRED BY SEC RULE 17a-5**

Board of Directors and Stockholder
Belfinance Securities, Inc.

In planning and performing our audit of the financial statements of Belfinance Securities, Inc. for the year ended December 31, 2002, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the basic financial statements.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Belfinance Securities, Inc., that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons and the recording of differences required by Rule 17a-13, or in complying with the requirements for prompt payment for securities per Section 8 of Regulation T of the Board of Governors of the Federal Reserve System because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control systems and of the practices and procedures referred to in the preceding paragraph and to assess whether they can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Because of inherent limitations in any internal accounting control system, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING
CONTROL REQUIRED BY SEC RULE 17a-5
(CONTINUED)**

Our study and evaluation, made for the limited purpose described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Belfinance Securities, Inc. taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We understand that practices and procedures that accomplish the objectives referred to in the second and third paragraphs of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations. Practices and procedures that do not accomplish such objectives, in all material respects, indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's internal accounting control system was adequate at December 31, 2002 to meet the Commission's objectives.

At December 31, 2002, the Company was in compliance with the conditions of its exemption from SEC Rule 15c3-3 and no facts came to our attention during our audit that indicated that such conditions had not been complied with during the year ended December 31, 2002.

This report is intended solely for the use of the Board of Directors and management of Belfinance Securities, Inc., the Securities and Exchange Commission and other regulatory agencies and should not be used for any other purpose.

Kamler, Lewis & Noreman LLP

Kamler, Lewis & Noreman LLP

February 14, 2003
Great Neck, New York